

House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 94

HOUSE BILL 2276

AN ACT

AMENDING SECTION 15-914, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-914, Arizona Revised Statutes, is amended to
3 read:

4 15-914. Financial and compliance audits

5 A. The governing board of a school district which is required to
6 comply with the single audit act ~~as amended in~~ AMENDMENTS OF 1996
7 (P.L. 104-156; 110 STAT. 1396; 31 UNITED STATES CODE SECTIONS 7501 THROUGH
8 7507) shall contract for at least annual financial and compliance audits of
9 financial transactions and accounts subject to the single audit act ~~as~~
10 ~~amended in~~ AMENDMENTS OF 1996 ~~(P.L. 104-156)~~ AND kept by or for the school
11 district. BEGINNING WITH FISCAL YEAR 2003-2004, THE GOVERNING BOARD OF A
12 SCHOOL DISTRICT THAT IS NOT REQUIRED TO COMPLY WITH THE SINGLE AUDIT ACT AND
13 THAT HAS ADOPTED AN EXPENDITURE BUDGET OF TWO MILLION DOLLARS OR MORE FOR THE
14 MAINTENANCE AND OPERATION FUND PURSUANT TO SECTION 15-905 SHALL CONTRACT FOR
15 AN ANNUAL FINANCIAL STATEMENT AUDIT. BEGINNING WITH FISCAL YEAR 2004-2005,
16 THE GOVERNING BOARD OF A SCHOOL DISTRICT THAT IS NOT REQUIRED TO COMPLY WITH
17 THE SINGLE AUDIT ACT AND THAT HAS ADOPTED AN EXPENDITURE BUDGET OF LESS THAN
18 TWO MILLION DOLLARS BUT MORE THAN SEVEN HUNDRED THOUSAND DOLLARS FOR THE
19 MAINTENANCE AND OPERATION FUND PURSUANT TO SECTION 15-905 SHALL CONTRACT FOR
20 A BIENNIAL FINANCIAL STATEMENT AUDIT. AN INDEPENDENT CERTIFIED PUBLIC
21 ACCOUNTANT SHALL CONDUCT THE AUDIT IN ACCORDANCE WITH GENERALLY ACCEPTED
22 GOVERNMENTAL AUDITING STANDARDS.

23 B. The governing board of a charter school that is required to comply
24 with the single audit act ~~as amended in~~ AMENDMENTS OF 1996 ~~(P.L. 104-156)~~
25 shall contract for an annual financial and compliance audit of financial
26 transactions and accounts subject to the single audit act AMENDMENTS of 1996
27 AND kept by or for the charter school.

28 C. A charter school that is not subject to the single audit act ~~as~~
29 ~~amended in~~ AMENDMENTS OF 1996 ~~(P.L. 104-156)~~ shall contract for at least an
30 annual financial statement audit conducted in accordance with generally
31 accepted governmental auditing standards. An independent certified public
32 accountant shall conduct the audit.

33 D. For all audits referred to in subsections A, B and C of this
34 section the independent certified public accountant shall submit a uniform
35 system of financial records compliance questionnaire to the auditor general
36 with the applicable audit reports.

37 E. Contracts for all financial and compliance audits and financial
38 statement audits and the completed audits shall be approved by the auditor
39 general as provided in section 41-1279.21. Contracts for all financial and
40 compliance audits and financial statement audits shall comply with the rules
41 for competitive sealed proposals as prescribed by the state board of
42 education in section 15-213.

43 F. If the school district or charter school will incur costs of
44 financial and compliance audits for the budget year, the governing board of
45 a school district or the governing body of the charter school may increase

1 its base support level for the budget year by an amount equal to the amount
2 expended for the district's or charter school's financial and compliance
3 audits in the year before the current year, increased by the growth rate as
4 prescribed by law, subject to appropriation. In determining the amount
5 expended for the district's or charter school's financial and compliance
6 audits, the school district OR CHARTER SCHOOL shall include only the portion
7 of the audit which must be paid from monies other than federal monies. The
8 department of education and the auditor general shall prescribe a method for
9 determining the increase in the base support level and shall include in the
10 maintenance and operation section of the budget format, as provided in
11 section 15-903, a separate line for financial and compliance audits
12 expenditures.

13 G. BEGINNING IN FISCAL YEAR 2003-2004, EVERY AUDIT CONTRACT SHALL
14 INCLUDE A SYSTEMATIC REVIEW OF AVERAGE DAILY MEMBERSHIP, AS DEFINED IN
15 SECTION 15-901, USING METHODOLOGY THAT IS CONSISTENT WITH GUIDELINES
16 ESTABLISHED BY THE AUDITOR GENERAL. THE AUDITOR GENERAL SHALL CONSIDER COST
17 WHEN ESTABLISHING GUIDELINES PURSUANT TO THIS SUBSECTION AND, TO THE EXTENT
18 POSSIBLE, SHALL ATTEMPT TO MINIMIZE THE COST OF THE REVIEW. THE PURPOSE OF
19 THE REVIEW IS TO DETERMINE WHETHER THE AVERAGE DAILY MEMBERSHIP REPORTED BY
20 THE CHARTER SCHOOL OR SCHOOL DISTRICT IS IN COMPLIANCE WITH THE LAWS OF THIS
21 STATE AND THE UNIFORM SYSTEMS OF FINANCIAL RECORDS FOR CHARTER SCHOOLS AND
22 SCHOOL DISTRICTS.

THIS BILL HAVING REMAINED WITH THE GOVERNOR FIVE DAYS, SUNDAYS
EXCLUDED, AND THE LEGISLATURE BEING IN SESSION, IT HAS BECOME A
LAW THIS 25TH DAY OF APRIL, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2003.

Passed the House February 25, 2003

by the following vote: 60 Ayes,

0 Nays, 0 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate April 17, 2003

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

Ken Bennett
President of the Senate

Charmine Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

21 day of April, 2003

at 2:20 o'clock P. M.

Sandra Ramirez
Secretary to the Governor

Not
Signed
by
Gov.

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 25 day of April, 2003

at 4:34 o'clock P. M.

Janie K. Brewer
Secretary of State

H.B. 2276